

# CSR Frame of Reference

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July 2003

Design: Clementien Heim

Print: Offsetdrukkerij Peco BV, Amsterdam

# CSR

# Frame of Reference

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## I. Introduction

This Frame of Reference for corporate social responsibility (CSR) has been developed by the “CSR Platform”, a coalition of Dutch Civil Society Organisations (CSOs) actively promoting CSR. The CSR Frame of Reference lists the relevant standards, agreements and operational aspects involved in CSR internationally. This is done on the basis of treaties, guidelines and instruments enjoying broad international support and leading, either directly or indirectly, to corporate social accountability and responsibilities.

The CSR Frame of Reference has the following goals:

- to identify the relevant international treaties, guidelines and instruments
- to help standardise the way in which CSR concepts are expressed and defined
- to promote the vigorous application of internationally recognised CSR standards;
- to respond to the business world’s

call on CSOs to provide a coherent vision for CSR

- to guide the members of the CSR Platform – individually as well as collectively – in developing their strategies and launching fresh initiatives with a view to promoting CSR.

The Dutch “Social and Economic Council” (SER) has issued recommendations on CSR in a document entitled “Corporate Social Responsibility – A Dutch Approach”. In this document, the SER (an overarching policy-setting body representing trade unions, employers and the government) has stated that CSR should be a core concern for all companies and should be part and parcel of its operations. According to the SER, CSR should focus on the three main dimensions of value creation: Profit, People and Planet. As such, CSR is much more than a mere involvement in social affairs (for example through neighbourhood improvement projects) and charity – no matter how praiseworthy such causes may be. Such actions cannot be seen as an alternative for responsible economic, social and ecological

behaviour in a company's core business. Corporations should do everything within their power to enable and promote CSR throughout the value-creation chain that they are part of. CSR is a process in which corporations take responsibility for the social, ecological and economic consequences of their actions – throughout their product and service delivery chains –making themselves accountable, and engaging in a dialogue with all those involved.

In this CSR Frame of Reference, Dutch CSOs further specify their definition of corporate social responsibility. This specification is based, where possible, on international treaties, guidelines and instruments– including ILO labour conventions, the Universal Declaration of Human Rights, the United Nations Conference on Environment and Development (UNCED; Rio de Janeiro, 1992), and the Copenhagen Declaration on Social Development (2000). While agreed to by national governments, these and other treaties also lead to corporate responsibilities and obligations. An internationally binding legal framework for enforcing

such corporate obligations internationally has yet to be created.

Several developments currently unfolding could help bring about this legal framework. Of major importance in this respect are the “Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights”<sup>1</sup> developed by the United Nations Sub-Commission on the Promotion and Protection of Human Rights. This draft document is based on international treaties and guidelines as well as model codes of conduct developed by CSOs, trade unions and corporations. In addition, major initiatives to define and enforce corporate responsibilities have been taken by the European Parliament.

The voluntary OECD Guidelines for Multinational Enterprises provide an important new standard, though these guidelines cannot be a substitute for legally binding national and international regulations.

Individual corporations and industries have

<sup>1</sup> Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (U.N. Doc. E/CN.4/Sub.2/2003/12/Rev.2 (2003). Approved August 13, 2003, by U.N. Sub-Commission on the Promotion and Protection of Human Rights resolution 2003/16, U.N. Doc. E/CN.4/Sub.2/2003/L.11 at 52 (2003)) { HYPERLINK "<http://www1.umn.edu/humanrts/links/norms-Aug2003.html>" } <http://www1.umn.edu/humanrts/links/norms-Aug2003.html>

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their own dynamics, implying that the various elements of this Frame of Reference will not be equally relevant to each business or economic sector. Companies should engage – individually or in groups – in a constructive dialogue with stakeholders to identify the social and environmental impacts of their actions. Policies for CSR should, in part, be developed and implemented on the basis of such dialogues. It is very important to develop industry-specific guidelines, standards and instruments for implementation that should complement the general principles of this Frame of Reference. Initiatives covering entire sectors or (production) chains would help bring about a systematic implementation of standards and guidelines and the development of ‘best practices’ based on these guidelines.

The development, interpretation and implementation of CSR will be influenced by experience gained and by the ongoing debate in society, and thus will be dynamic in character. This dynamic nature is evident in the various initiatives launched by civil society and corporations, on occasion working

hand in hand with governments. Examples of such initiatives are the international negotiations between trade unions and businesses on fundamental labour standards, multi-stakeholder dialogues such as the Round Table discussions with Dutch multinationals, initiated by Amnesty International, and initiatives such as the Fair Wear Foundation, Max Havelaar and Fair Trade. A number of principles listed in this Frame of Reference have already been included in model codes of conduct such as the ICFTU Basic Code of Labour Practice and industry-specific codes such as those developed by the Clean Clothes Campaign. Such initiatives contribute to improving the quality of norms, their implementation, their monitoring and independent verification. They may also help adjust existing standards or even contribute to the development of new standards.

Given the dynamic nature of CSR theory and practice, the CSR Platform regards this Frame of Reference as a ‘living document’, to be adjusted as and when major developments with regard to CSR occur. Intergovernmental co-operation, international leg-

islation and regulation, and CSR initiatives by corporations and CSOs will contribute to the ongoing elaboration of this CSR Frame of Reference.

<sup>2</sup> Universal Declaration of Human Rights, G.A..res.217A (III), UN Doc A/810 at 71 (1948) <http://www.un.org/Overview/rights.html>

<sup>3</sup> The UDHR comprises 30 articles specifying the fundamental human rights, including the right to life, security, freedom, food, shelter, education, development, and the freedom of thought, conscience and religion, of expression and publicly voicing one's opinion, and a ban on torture and slavery (the examples specified in this footnote do not represent the Declaration's articles in full).

<sup>4</sup> Examples of these are:

The right to security: the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials

(<http://www.hri.ca/uninfo/treaties/42.shtml>)

The rights of indigenous people: ILO Con-

## II. CSR standards

### 1. Human rights

Corporations have an obligation to observe, respect and promote human rights. This responsibility is set out in the preamble to the Universal Declaration of Human Rights (UDHR).<sup>2</sup> The Universal Declaration of Human Rights, which was adopted on 10 December 1948, is based on the notion that a recognition of the inherent dignity and of the equal and undeniable rights of all members of the global community of people constitutes the basis for freedom, justice and peace across the world.<sup>3</sup> The UDHR's articles have been specified in separate UN treaties.<sup>4</sup>

The preamble to the UDHR calls on "every organ of society" to guarantee "by progressive measures" that human rights be recognised and complied with. Corporations, as organs of society, are under the obligation to comply with internationally accepted human rights and to promote respect for these rights and freedoms in their respective spheres of activities and influence.

Consequently, corporations have the following obligations:

- Corporations must do whatever they can to promote human rights in those countries where they operate. In areas of conflict, where gross violations of human rights occur, extra care should be taken with respect to the (supervision of) compliance with fundamental human rights.
- Corporations should investigate how human rights might be affected by the various types of business operations in a given country before launching business activities there.
- Within the security of both property and personnel corporations need to make sure that all security personnel, whether or not part of national authority, respect Human Rights and comply with the principles of the UN Code of Conduct for Law Enforcement Officials and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.
- Corporations should include an explicit reference to the UDHR or to

other international human rights treaties in a code of conduct in which compliance with human rights is guaranteed. This code of conduct should uphold the human rights of employees and protect the human rights of all members of the community in which the corporation operates.

## 2. Labour

The International Labour Organisation (ILO), a tripartite UN organisation founded in 1919 and representing governments, businesses and workers, has set up a legal and policy framework for Labour issues.<sup>5</sup> Since its inception, the ILO has issued almost 200 conventions on working conditions. Eight of these ILO conventions specify the four fundamental labour rights<sup>6</sup>. These four labour standards are as follows<sup>7</sup>:

- Freedom of association and the right to collective bargaining (ILO conventions 87, 98, complemented by 135)
- A ban on forced labour (ILO conventions 29 and 105)
- A ban on child labour (ILO conventions 138 and 182)

ventions 107 and 169, and the UN Draft Declaration of Indigenous Rights ([http://www.unhcr.ch/html/menu2/ind\\_in.htm](http://www.unhcr.ch/html/menu2/ind_in.htm))

The right to development: International Covenant on Economic, Social and Cultural rights ([http://www.unhcr.ch/html/menu3/b/a\\_cescr.htm](http://www.unhcr.ch/html/menu3/b/a_cescr.htm)), the UN Declaration on the Right to Development (Art. 1.1)

(<http://www.unhcr.ch/html/menu3/b/74.htm>), the Copenhagen Declaration on Social Development.

Women's rights: UN Convention on the Elimination of All Forms of Discrimination against Women ([www.un.org/womenwatch/daw/cedaw](http://www.un.org/womenwatch/daw/cedaw)), notably Art. 11 and Art. 14) and the Beijing Declaration and Platform for Action. (The Platform for Action was founded at the Fourth World Conference on Women; <http://www.un.org/womenwatch/daw/beijing/platform/declar.htm>).

<sup>5</sup> A number of the workers' rights listed are also specified in the UNDHR, for example the UNDHR's Art. 20 and 30 (freedom of organisation), Art. 4 (ban on forced labour), Art. 23 (life-sustainable wages). In addition,

children's rights are covered by the UN convention on the rights of the child (<http://www.unhchr.ch/html/menu3/b/k2cr.c.htm>)

<sup>6</sup> Conventions of the International Labour Organisation (ILO) (<http://ilolex.ilo.ch:1567/english/con- vdisp1.htm>)

<sup>7</sup> Also refer to the ILO Declaration on Fundamental Principles and Rights at work (1998).

<sup>8</sup> This has been extended recently by the adoption of ILO conventions specifically addressing women's rights: Maternity Protection at the workplace (ILO convention 183) and the Convention on homeworking (ILO convention 177)

<sup>9</sup> Along with the fundamental labour standards, these standards constitute the basic criteria in the "SA 8000 standard", the "ICFTU/ITS Basic Code of Labour Practice", de ETI and de "CCC Code of labour practices for the apparel and sportswear industry".

- A ban on discrimination in the workplace and in professions (ILO conventions 100 and 111)<sup>8</sup>

The ILO conventions focus in particular on governments' responsibilities with respect to labour rights. The Tripartite declaration of Principles Concerning Multinational Enterprises and Social Policy extends the ILO conventions, listing corporate responsibilities with regard to labour issues and also including a number of additional labour standards falling under the specific responsibility of corporations:<sup>9</sup>

- The right to security of employment (Tripartite Declaration, Art. 24-28)
- The right to a living wage (ILO conventions 26 and 131)
- The right to safe and sound working conditions (ILO convention 155)
- Compliance with the maximum number of working hours (48+12) (ILO convention 1)

The 1976 ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the OECD Guide-

lines (Chapter IV, Employment and Labour Relations) include important clauses on employment policy in general, namely:

- Training (Tripartite declaration, Art. 29-32)
- Handling of complaints (Tripartite declaration, Art. 57-58)
- Prior notice and maximum mitigation in cases where changes in operations, such as lay-offs and dismissals, have major effects on the livelihood of employees (OECD guidelines IV, Art. 6)
- No threat of transferral for exercising the right to organise (OECD Guidelines, IV, Art. 7)
- No practice of double standards (OECD Guidelines, IV, Art. 5)
- Employing and training staff locally as much as possible (OECD Guidelines, IV, Art. 5)
- Allowing workers' representatives to negotiate and confer with decision makers (OECD Guidelines, IV, Art. 8)

### 3. Environment

The United Nations first recognised sus-

tainable development as a universal goal at the Earth Summit in Rio de Janeiro in 1992<sup>10</sup>. This Summit meeting adopted the Rio Declaration on the environment and development, and Agenda 21. There are several other important treaties and conventions specifying the responsibilities of corporations with regard to the effects of their processes, products and services on the quality of air, water, soil, climate, biodiversity and bio-safety and health. These include the Convention on Biological Diversity (1992),<sup>11</sup> the Cartagena Protocol on Bio-safety (2000),<sup>12</sup> the Kyoto Protocol,<sup>13</sup> the Stockholm Convention on Persistent Organic Pollutants (POPs; 2001),<sup>14</sup> the Rotterdam Convention on Prior Informed Consent (PICs; 1998)<sup>15</sup> and the OECD Guidelines for Multinational Enterprises.<sup>16</sup> The Aarhus Convention (1998) was the first to link human rights with environmental rights. This Convention includes important clauses on stakeholder participation, transparency and access to justice.<sup>17</sup> Finally, a number of general principles have been stated in the EC treaty<sup>18</sup> and the RIO Declaration, designed to prevent adverse

effects on safety and the environment:

- The principle of preventive action (Art. 174 (130 R, section 2) EC Treaty)
- The precautionary principle (Rio Declaration, Art.15 and Art. 174 (130 R, section 2) EC Treaty)<sup>19</sup>
- Tackling environmental damage at the source (Art. 174 (130 R, section 2) EC Treaty)
- The polluter pays' principle (Rio Declaration, Art. 16, Art. 174 (130 R, section 2) EC Treaty)<sup>20</sup>

#### 4. Consumer protection

The UN Guidelines for Consumer Protection, revised in 1999, provide international legitimacy to consumer interests. These guidelines are based on the eight principles for consumer protection.<sup>21</sup> Consumers and their organisations expect corporations to respect consumer values, to comply with legal standards, and to take the initiative in making themselves accountable for their actions in the light of these standards. The following standards are relevant:

- The right to access to necessary goods and services (III.D.)

<sup>10</sup> Sustainable development: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." As stated in the 1997 Brundtland report, also known as "Our Common Future".

<sup>11</sup> Convention on Biological Diversity (<http://www.biodiv.org/>).

<sup>12</sup> Cartagena protocol on biosafety (<http://www.biodiv.org/biosafety/>). This protocol is a supplement to the Convention on Biological Diversity and involves a "precautionary approach", as stated in Principle 15 of the Rio Declaration.

<sup>13</sup> Kyoto Protocol: <http://unfccc.int/re-source/conv/index.html>

<sup>14</sup> The Stockholm Convention on Persistent Organic Pollutants: <http://www.chem.unep.ch/sc/>

<sup>15</sup> The Rotterdam Convention on the Prior Informed Consent (PIC), Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (<http://www.pic.int/>)

<sup>16</sup> By now, there are some 200 multilateral treaties on the environment, defining the policy and legal framework for the environment. These treaties date back to before

and after the 1992 Rio Earth Summit.

<sup>17</sup> UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention; <http://www.unece.org/env/pp/>). This convention specifies "Principle 10" of the Rio Declaration: "Environmental issues are best handled with the participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided."

<sup>18</sup> The principles of taking precautionary measures and preventing and fighting pollution at the source as well as the principle that the "polluter pays" are the basic principles of the European Union's policy on the

- The right to safety (III.A, C, H.)<sup>22</sup>
- The right to information (III.B.)<sup>23</sup>
- The right to choose (III.B.)
- The right to be heard (III.E.)
- The right to appeal and lodge a complaint (III.E.)
- The right to consumer education (III.F.)
- The right to sustainability (III.G.)<sup>24</sup>

## 5. Health

The universal right to optimum health implies that every human being has a right to the highest possible standard of health. This right is derived from the Universal Declaration of Human Rights (Art. 25) and the international treaty on economic social and cultural human rights (or ESC rights, Art. 12). In its "general comment Nr. 14"<sup>25</sup> the UN Committee on ESC Rights discusses the obligations of both states and non-state actors, such as corporations. In paragraph 42, the Committee notes that while only states are parties to the treaty and hence ultimately accountable, all members of society, including the business world, have an obligation to enforce the right to health.

Specifically, this means that "it is particularly incumbent on State parties and other actors in a position to assist, to provide 'international assistance and co-operation, especially economic and technical' which enable developing countries to fulfil their core and other obligations" (paragraph 45).

This implies that corporations have an obligation to contribute to the following obligations, including:

- No discrimination in ensuring the right to access to health facilities, goods and services, especially for vulnerable and marginalized groups in society
- Ensure access to a minimum of food, a basic level of shelter and sanitation and an adequate supply of safe drinking water
- Provide education and access to information on the community's main health issues, including methods for preventing ill health and checking whether appropriate measures are taken

In addition, corporations have a special obli-

gation with respect to the right to a sound work environment as part of their employees' right to health (Art. 12.2b of the ICESCR). According to the Committee, this right includes:

- The obligation to prevent work-related accidents and illness
- Minimising the causes of health risks inherent in the work environment
- Creating safe and hygienic working conditions

### 6. Fighting corruption

Corporate responsibility in the field of corruption is covered by the 1992 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.<sup>26</sup> This convention prohibits the bribing of foreign public officials by corporations:

- Ban on bribing foreign government officials (Art. 1)<sup>27</sup>

### 7. Other CSR aspects

As already stated, the further specification and elaboration of CSR is subject to

changes in social interaction and will be dynamic in character. Certain topics relating to CSR have been expressed in guidelines, but are still a matter of public debate. In view of the 'living' nature of this CSR Frame of Reference, this section lists the topics that will play an important role in the further specification and elaboration of corporate social responsibility. The following CSR aspects are involved:

- Competition (OECD Guidelines, Chapter IX, and the set of multilaterally agreed equitable principles and rules for the control of restrictive business practices)<sup>28</sup>
- Taxation (OECD Guidelines, chapter X)<sup>29</sup>
- Science and technology (OECD Guidelines, chapter VIII)<sup>30</sup>
- Respect for national sovereignty and local communities

environment. Cf. [www.europarl.eu.int/factsheets/4\\_9\\_1\\_nl.htm](http://www.europarl.eu.int/factsheets/4_9_1_nl.htm).

<sup>19</sup> "Principle 15" of the Rio Declaration states as follows: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

<sup>20</sup> "Principle 16" of the Rio Declaration states as follows: "National authorities should endeavour to promote the internalisation of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment."

<sup>21</sup> Cf.

<http://www.un.org/esa/sustdev/cpp1225.htm>

. Consumer rights are also incorporated in a number of treaties: The EC Treaty of Maastricht and the EC Treaty of Amsterdam include clauses saying consumer interests should be

taken as principles governing European Union decision-making.

<sup>22</sup> Corporations should identify new risks and developments that could have adverse consequences for consumers, and collaborate with other parties in the industry as well as with governments while doing so, and they should also engage in a dialogue with consumers and other stakeholders with respect to this issue.

<sup>23</sup> Corporations should inform the public – on request or instruction, but also on their own accord – about the price, quality and production aspects throughout the chain, so as to uphold consumer interests and remove consumer concerns. Cf. the OECD Guidelines, Chapter VII, Consumer interests, notably Art. 1, 2 and 4. Also important in this regard is the 1981 WHO Code of Marketing of Breast-milk Substitutes ([www.who.int/nut/documents/code\\_english.PDF](http://www.who.int/nut/documents/code_english.PDF)).

<sup>24</sup> Corporations should help implement the principles of sustainable production and consumption, in accordance with national and international regulation and treaties. Consumer's rights to sustainable production and consumption are explicitly respected,

### III. Condition for compliance with CSR standards

Trade and supply conditions, such as prices, supply deadlines and supply conditions, should at least enable compliance with international treaties and national legislation throughout business value chains. These conditions are established in discussions with key stakeholders.<sup>31</sup>

### IV. Operational aspects of CSR

Companies are expected to live up to their social responsibilities by adhering to the aforementioned internationally agreed standards and treaties. This responsibility implies that corporations develop specific policies for adopting, implementing and promoting international treaties and guidelines, while guaranteeing that these policies are put into practice in every aspect of their operations. Social responsibility also implies that corporations should be accountable for their actions. By making themselves

accountable, corporations honour the public's right to be informed of the ethical, social and environmental effects of a corporation's operations, products and services. As a result, the public will be able to make an informed assessment of companies' CSR performance. Introducing social responsibility and accountability implies adhering to the following principles:

#### 1. Supply chain responsibilities

CSR should be a key concern of all corporations, and should be part and parcel of their operations. A corporation's social responsibility should cover all of its suppliers, subcontractors, licensees, alliances and anyone serving the company, irrespective of the formal relationship, the nature of the product or service concerned, or the geographic location. The chain's definition and the delineation of the exact scope of a given chain should be determined on the basis of stakeholder participation. Corporations are expected to do everything within their power to enable, promote and implement CSR practices throughout their chain(s) of operation.<sup>32</sup>

## 2. Stakeholder involvement

Allowing oneself to be held accountable requires a readiness to engage in a dialogue with stakeholders. These might be individuals or groups who could affect, or be affected by, corporate actions, decisions, policies, practices or goals. Such effects might be indirect or direct. Corporations should, in their social dialogue, address all stakeholders, including workers, suppliers and the local population, consumers, social organisations and public authorities. Such dialogues and consultations should at least be governed by national and international standards for consulting workers, their representatives, work councils and trade unions.

The stakeholder process is characterised by an ongoing exchange of information, dialogue, consultation and structural involvement in a company's CSR policies, including issues not yet covered by treaties or legislation.

Companies are expected to participate in a stakeholder dialogue on the basis of an a-

greement about norms, values, mutual rights and obligations. The dialogue should involve the companies' ultimate decision-makers. Companies should be accountable for the stakeholder process by means of reporting and independent verification.

The stakeholder process aims to give shape to the CSR policy of a company through the joint development of objectives, implementation plans, and indicators. Stakeholder involvement will help develop an understanding of the dilemmas faced by corporations. At the same time, corporations develop a clear awareness of the concerns of the stakeholders with regard to the consequences of company behaviour.

## 3. Transparency and reporting

Corporations are expected to be open and transparent in their policies, and must account for their social conduct. Reporting plays a crucial role in this respect. At the moment, the guidelines of the 1997 Global Reporting Initiative (GRI) are the most frequently cited sustainability reporting standards.<sup>33</sup> Reporting has the function,

among others, by the Rio Declaration, the UN (UNEP), the Brundtland report and the European Union.

<sup>25</sup> General Comment No. 14 (2000) The right to the highest attainable standard of health (article 12 of the International Covenant on Economic, Social and Cultural Rights) ([http://www.unhchr.ch/tbs/doc.nsf/\(Symbol\)/40d009901358b0e2c1256915005090b.e?Opendocument](http://www.unhchr.ch/tbs/doc.nsf/(Symbol)/40d009901358b0e2c1256915005090b.e?Opendocument))

<sup>26</sup> This treaty has been legally-binding in the Netherlands since 1 February 2001. Corruption is one of the three criteria considered by the Dutch government in the application of its instruments for promoting exports and investments. Article 1 of the Treaty states the following: "The Offence of Bribery of Foreign Public Officials: Each Party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the per-

formance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.” (<http://www1.oecd.org/daf/no-corruption/20nov1e.htm>)

<sup>27</sup> Principles with respect to the fight against corruption are also stated in the following guidelines:

UN Declaration against Corruption and Bribery in International Commercial Transactions (1996; <http://www.un.org/documents/ga/res/51/a51r191.htm>)

Chapter VI, Combatting Bribery, in the OECD Guidelines for Multinational Enterprises.

<sup>28</sup> The “set of multilaterally agreed equitable principles and rules for the control of restrictive business practices”

(<http://www.unctad.org/en/subsites/cpolicy/docs/CPSet/cpset.htm>) and the OECD Guidelines (Chapter IX, on competition)

state non-binding rules for fair competition to be adhered to voluntarily. The following principles are involved:

Corporations should refrain from entering into agreements that would limit competition, particularly when these would hurt developing countries’ international trade

among others, of informing stakeholders. Stakeholders should obtain sufficient relevant information on the effects of a company’s conduct and the consequences of these effects for the various stakeholders, so as to enable them to make informed choices.

Corporations will account for their actions transparently, by providing relevant, clear and reliable information (of their own accord and on request) in a regular and timely manner. This information may be made available by the following means:

### 1. Regular public reports

Companies should provide adequate information in a timely manner, on the social, ethical and environmental policies and/or other codes of conduct they subscribe to, and should specify their performance with respect to such criteria.

### 2. Provision of information

Companies should provide stakeholders with relevant information, for example by means of impact assessment reports, annual reports, labelling, quality labels, infor-

mation meetings and training. Companies should live up to their supply chain responsibilities by informing all relevant stakeholders about their CSR policies, for example by distributing a code of conduct, by translating standards in local languages, and by providing information.

### 3. Publication of data and consultation

In order to inform themselves about specific CSR risks (related to specific projects), corporations should inform stakeholders about their plans at an early stage. Social and environmental impact reports should inform stakeholders in advance about the possible environmental effects of corporate plans.

### 4. Independent verification

The quality, use and credibility of a corporation’s reports and the underlying management systems and processes will be enhanced by independent verification. An independent process of verification is the key to effective implementation. This starts with internal monitoring by the company on CSR policy compliance (implementa-

tion plans, goals and indicators). Corporations do so by setting up internal monitoring systems aligned with other actors in the supply chain. Compliance with CSR policies must also be verified independently. This verification should be carried out by organisations not linked to the companies in question, and should have the full trust of the stakeholders involved. Finally, the outcome of the verification procedure must be made public in a reliable manner.

Ultimately, the goal of corporate social responsibility is to bring about a real change for the better in the lives of both current and future stakeholders. This is why it is important – as part of the monitoring and verification processes – that workers and other stakeholders be provided with opportunities to lodge complaints when their rights are violated. Providing information on a corporation's social conduct should not lead to disciplinary measures, discharge or discrimination. In addition, companies should offer fair compensation in the case of breaches of CSR policies. In cases of non-compliance, the mistakes in

question should be corrected and improvement plans should be drafted and implemented.

and economic development.

Corporations should refrain from engaging in activities whereby they would abuse their dominant market position, or from acquisitions with adverse effects on developing countries.

<sup>29</sup> OECD Guidelines (Chapter X):

Corporations should refrain from transfer pricing, i.e. the practice of manipulating prices in cross-border transfers with the aim of avoiding income or trade taxes.

Corporations should not engage in tax evasion.

<sup>30</sup> With respect to science and technology, this involves (for example) the debate on health risks, bio diversity (emergence of gentech crops) and patents.

<sup>31</sup> Consider the Fair Trade criteria ([www.fairtrade.net](http://www.fairtrade.net)) criteria, for example: A fair price should cover all production costs, including social and environmental costs. A fair price should offer a decent standard of living to producers.

A fair price guarantees a margin allowing investments for the future.

<sup>32</sup> Chain responsibility is increasingly included in international guidelines, treaties

and codes of conduct, including the OECD guidelines (Chapter II, paragraph 10) and the UN draft “Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights”; <http://www.business-human-rights.org/UN-Draft-Principles.htm> ).

<sup>33</sup> Global Reporting Initiative: <http://www.globalreporting.org/GRIGuidelines/>.

<sup>34</sup> For more information on the CSR Platform and its members, refer to [www.mvo-platform.nl](http://www.mvo-platform.nl)

This CSR frame of reference is subscribed to by the following members of the CSR Platform:<sup>34</sup>

Amnesty International Netherlands  
 CLAT Netherlands  
 CNV (National Federation of Christian Trade Unions in the Netherlands)  
 Consumentenbond (Dutch Consumers Union)  
 Cordaid (Catholic Organisation for Relief and Development)  
 DISK (national bureau of industrial mission in the Netherlands)  
 Evert Vermeer Foundation  
 Fair Trade Organisation  
 FNV (Netherlands Trade Union Confederation)  
 Goede Waar & Co  
 Hivos (Humanistic Institute for Development Co-operation)  
 ICCO (Interchurch Organisation for Development Co-operation)  
 IRENE (International Restructuring Education Network Europe)  
 Coffee Coalition  
 India Committee of the Netherlands (ICN)  
 National Association of World Shops  
 Friends of the Earth Netherlands

Netherlands Committee for IUCN  
 Netherlands Institute for Southern Africa  
 Novib (Oxfam Netherlands)  
 Pax Christi Netherlands  
 Plan Netherlands  
 Clean Clothes Campaign  
 SOMO (Centre for Research on Multinational Corporations)  
 Max Havelaar Foundation  
 Netherlands Society for Nature and Environment  
 VBDO (Dutch Association of Investors for Sustainable Development)  
 Wemos – Health For all  
 South-North Federation







Consumentenbond



**Fair Food**



**IRENE**

- INTERNATIONAL
- RESTRUCTURING
- EDUCATION
- NETWORK
- EUROPE



Landelijke India Werkgroep  
India Committee of the Netherlands



NETHERLANDS COMMITTEE FOR  
**IUCN**  
THE WORLD CONSERVATION UNION



Nederlands instituut voor Zuidelijk Afrika

**n(o)vib**  
OXFAM NETHERLANDS



Foster Parents **Plan Nederland**  
Werkt voor kinderen



STICHTING NATUUR EN MILIEU

